



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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*"To Enrich Lives Through Effective And Caring Service"*

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October 18, 2016

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

20 October 18, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

**NONELECTIVE ANNUAL LEAVE AND ELECTIVE ANNUAL LEAVE ACCRUALS  
FOR Z-ITEM EMPLOYEES AND UPDATE OF DEFINITIONS  
AND PAID LEAVES OF ABSENCE FOR NONELECTIVE ANNUAL LEAVE  
(ALL DISTRICTS)  
(3 VOTES)**

### SUBJECT

The accompanying ordinance updates definitions under MegaFlex and to the Leave Progression date section to clarify the enhancements made to the accrual and usage of Nonelective Annual Leave. Additional sections in this ordinance define the Nonelective Annual Leave accrual policy for Z-item (4/5 time) employees under MegaFlex. Though Z-item employees have been deemed eligible for full-time cafeteria plan benefits, there is currently no policy on Elective Annual Leave or the accrual of Nonelective Annual Leave. Additionally, this ordinance updates language regarding department head authority on Nonelective Annual Leave and clarifies language on current usage rules and accrual methods for Nonelective Annual Leave and Elective Annual Leave in compliance with Internal Revenue Code Section 125 cafeteria benefit plan rules.

### **IT IS RECOMMENDED THAT THE BOARD:**

1. Approve the changes in the accompanying ordinance amending Title 5 – Personnel and Title 6 - Salaries of the Los Angeles County Code.
2. Instruct the Auditor-Controller and Department of Human Resources (DHR) to make all payroll system and Advantage Human Resources Management System (eHR) changes necessary to implement the recommendations contained herein.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

### Background

At the conclusion of fringe negotiations, the County management team and the unions (SEIU Local 721 and Coalition of County Unions) agreed to various benefit enhancements for represented employees. Beginning in 2016, represented employees with 20 or more years of service will earn up to an additional 40 hours of Vacation Leave per year. Non-represented employees under Flex and MegaFlex with 20 or more years of service were extended a comparable enhancement to Vacation and Nonelective Annual Leave. Non-represented employees under Flex may earn up to an additional 40 hours of Vacation Leave annually, and MegaFlex employees may earn up to 20 additional hours of Nonelective Annual Leave annually.

Consequently in December 2015, your office approved ordinance changes that updated the enhancement to Vacation and Nonelective Annual Leave, and the definition of “Eligible Employee” in the Flexible Benefit Plan and MegaFlex Benefit Plan to be inclusive of Z-item sub employees.

### Clarification of Definitions

The enhancement to Nonelective Annual Leave provides that employees with 20 Years of Service or more will accrue additional hours. The attached ordinance updates and clarifies the term “Years of Service” by defining it based on eHR’s Leave Progression start date. Further, an update to leave progression date clarifies its definition and when an employee’s leave progression date is altered in the Countywide payroll system.

### Z-Item (4/5 time) Employees

Z-item employees were extended cafeteria plan benefits, as all full-time permanent (“A,” “L,” and “N” – Sub item) employees receive. Benefits for a full-time permanent employee include, but are not limited to, medical, dental, life insurance, health care, and dependent care spending accounts, Elective Annual Leave, Nonelective Annual Leave, Vacation Leave, and Sick Leave.

Though Z-item sub employees were included in the expanded definition of Eligible Employees in December 2015, the Elective Annual Leave and Nonelective Annual Leave accrual policies were not addressed. This ordinance defines the Nonelective Annual Leave accrual policy and the Elective Annual Leave policy for Z-item sub employees. This outline also addresses the progressions for employees with 20 or more years of County service. All accrual policies are proportionate to the work-week for Z-item employees.

There are currently three Z-item non-represented employees countywide. This total figure may expand with future Z-item MegaFlex hires to the County workforce.

### Update on Department Head Authorization

Department Heads have long held the authority to require employees to use vacation time in excess of the carryover limit. This ordinance updates the language to reflect the same authority for Nonelective Annual Leave. This update corrects the oversight in missing authoritative language for MegaFlex.

Clarification of Limitations on Prior Benefits

According to Section 125 of the Internal Revenue Code, cafeteria plan benefit rules require that all Nonelective Leave hours and any previously banked compensatory time off, vacation time, holiday time, and sick leave must be used prior to using Elective Annual Leave hours. This ordinance updates the language on the timing and usage of Nonelective Annual Leave accruals to comply with the Internal Revenue code regulations and to reflect the systematic functions that are currently in place.

**Implementation of Strategic Plan Goals**

The actions recommended in this letter promote the County's Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability by providing for a fringe benefit structure in a financially responsible manner.

**FISCAL IMPACT/FINANCING**

The benefit adjustments contained herein are within the parameters established by the Board and have been included in the County Budget for Fiscal Year 2016-2017.

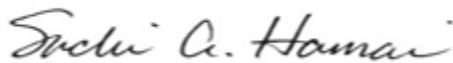
**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The accompanying ordinance implementing amendments to Title 5 - Personnel and Title 6 - Salaries of the County Code has been approved as to form by the County Counsel.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There is no impact on current services.

Respectfully submitted,



SACHI A. HAMAI

Chief Executive Officer

SAH:JJ:SK:MTK

SM:DC:mst

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Human Resources